

COMMONWEALTH OF AUSTRALIA

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Family Name	
Given Names	
Student Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Teaching Period	Semester 2, 2015

FINAL EXAMINATION	DURATION
PRBE001 – Economics for Managers	
	Reading Time: 10 minutes
	Writing Time: 120 minutes

INSTRUCTIONS TO CANDIDATES

The examination has **three** sections

Section A: Suggested Time: 40 mins	Multiple Choice Questions: Answer ALL 20 questions. Marks as indicated on paper
Section B: Suggested Time: 60 mins	Short Answer Questions: Answer ANY 4 questions out of five questions. Marks as indicated on paper.
Section C: Suggested Time: 20 mins	Short Essay Questions: Answer 1 question. Marks as indicated on paper.

EXAM CONDITIONS

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

Answer on the supplied examination material/s only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
No additional printed material is permitted	1 x 16 Page Book

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Section B

Short Answer Questions

Total no. of marks for this section: 20

Answer **any four** questions out of five questions

This section should be answered in the Answer Booklet provided. Each question is worth five marks. Suggested time allocation for Section B: 60 minutes.

Question 1

Suppose a crash in the stock market reduces people's wealth. Using the model of aggregate demand and aggregate supply, identify the curves that are affected, and which way these curves would shift. Clearly explain the new equilibrium.

Question 2

Explain how unemployment is calculated. What problems arise in interpreting unemployment data?

Question 3

Explain how the RBA might carry out monetary policy designed to expand the economy. Draw a clear money market diagram to show the effect on interest rate and the effect of this on aggregate demand.

Question 4

The following data in Table 1 refers to a linear demand curve.

Table 1

Price	Quantity Demanded
\$0	50
\$2	40
\$4	30
\$6	20
\$8	10

a) Using the midpoint method, what is the price elasticity of demand between \$2 and \$4 in Table 1? Clearly show the calculations.

b) Using the midpoint method, what is the price elasticity of demand between \$4 and \$6 in Table 1? Clearly show the calculations.

c) Referring to Table 1, find the two quantities where demand is most elastic? Clearly show the calculations.

Question 5

Table 2

Labor	Output	Marginal Product	Variable Cost	Fixed Cost	Average total cost	Average fixed cost	Average variable cost	Marginal cost
0	0	--	\$0	\$10				
1	200	200	\$20	\$10				
2	350		\$40	\$10				
3	450		\$60	\$10				
4		50	\$80	\$10				
5		25	\$100	\$10				
6	530		\$120	\$10				

- a) Refer to Table 2 above and fill in the missing information. Clearly illustrate the table in the answer booklet provided.
- b) Draw average variable cost, average total cost and average fixed cost curves and comment on their shape.

Section C

Short Essay Questions

Total No of Marks for this section: 10 marks

This section should be answered in the Answer Booklet provided. Suggested time allocation for Section C: 20 minutes

Question 1

Explain the concept of diminishing marginal return and decreasing economies of scale using clearly labelled diagrams. Provide at least one real world example to explain each concept. Are the two concepts interrelated?